

**UNITED STATES DISTRICT COURT
DISTRICT OF NEVADA**

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WEBSITE MANAGEMENT SYSTEMS, LLC, et al.,

Plaintiffs,

V.

BENJAMIN DAILEDA, et al.,

Case No.: 2:20-cv-00213-JCM-BNW

ORDER

Defendants.

Presently before the Court is Plaintiff Website Management Systems, LLC’s (“WMS’s”) Second Motion for Leave to File Under Seal Proprietary and Confidential Documents in Support of Motion for Preliminary Injunction.¹ ECF No. 22. WMS seeks to seal Exhibits B-F of the Reply to Defendant’s Opposition to Plaintiff’s Motion for Preliminary Injunction, which it contends contain trade secrets. *See* ECF Nos. 13-18. No opposition was filed.

I. Background

By way of background, Plaintiffs allege in their complaint that Defendants breached contracts between the parties, intentionally interfered with contractual relations, and committed copyright infringement, trade secret misappropriation, and fraud. ECF No. 32. Shortly after filing the complaint, WMS sought a preliminary injunction and now seeks leave to file certain exhibits to that motion under seal. *See* ECF No. 22.

¹ WMS's first motion to seal these documents (ECF No. 19) was denied without prejudice because of certain procedural defects related to service of the exhibits. See ECF No. 20. The Court allowed WMS to refile its motion by a certain deadline, which it did. See ECF Nos. 20, 22.

1 **II. Analysis**

2 The public has the right to inspect and copy judicial records and documents, but this is not
3 absolute. *Kamakana v. City & Cnty. of Honolulu*, 447 F.3d 1172, 1178 (9th Cir. 2006).

4 If a party seeks to seal judicial records filed in connection with a dispositive motion, the
5 party must meet the “compelling reasons” standard. *Id.* at 1178-79. This standard also applies if
6 the records are “more than tangentially related to the merits of a case.” *Ctr. for Auto Safety v.*
7 *Chrysler Grp., LLC*, 809 F.3d 1092, 1101 (9th Cir. 2016). The party seeking to seal judicial
8 records bears the burden to “articulate compelling reasons supported by specific factual findings.”
9 *Kamakana*, 447 F.3d at 1178. Compelling reasons must outweigh public policies favoring
10 disclosure, including “public interest in understanding the judicial process.” *Id.* Generally, there
11 are compelling reasons to seal judicial documents when the documents “might have become a
12 vehicle for improper purposes.” *Id.* at 1179. This includes the protection of trade secrets, but
13 records that cause “embarrassment, incrimination, or exposure to further litigation will not,
14 without more, compel the court to seal its records.” *Id.*

15 If a party seeks to seal judicial records filed in connection with a non-dispositive motion
16 that are not “more than tangentially related to the merits of a case[,]” the party is subject to the
17 less burdensome “good cause” standard. *Ctr. for Auto Safety*, 809 F.3d at 1101; *Kamakana*, 447
18 F.3d at 1178-79; *Pintos v. Pac. Creditors Ass'n*, 605 F.3d 665, 678 (9th Cir. 2010). There is a
19 lesser need for public access to such judicial records because these documents are often
20 “unrelated, or only tangentially related, to the underlying cause of action.” *Kamakana*, 447 F.3d
21 at 1179.

22 Here, WMS’s motion is subject to the compelling reasons standard because the exhibits
23 WMS seeks to seal are more than tangentially related to the merits of the case. *See Ctr. for Auto*
24 *Safety*, 809 F.3d at 1101-02 (applying compelling reasons standard to a motion to seal exhibits to
25 a preliminary injunction). This is so because the exhibits WMS seeks to seal contain its trade
26 secrets and, in its complaint, WMS alleges that Defendants misappropriated trade secrets to create
27 websites that compete with WMS, in breach of Defendants’ employment agreement. *See* ECF
28 Nos. 22, 32. Therefore, these trade secrets are not “unrelated, or only tangentially related, to the

1 underlying cause of action" and the compelling reasons standard applies. *Kamakana*, 447 F.3d at
2 1179.

3 WMS argues that there are compelling reasons to seal Exhibits B-F because the trade
4 secrets within the exhibits are the "backbone" of WMS's business. ECF. No. 22 at 3. Over 12
5 years, WMS developed its proprietary and confidential Lead Generation Process, Fulfillment and
6 Search Engine Optimization Process, and Website Demo. ECF No. 13 Ex. B-F. Release of
7 WMS's trade secrets would "allow competitors to take immediate advantage of years of effort by
8 the Plaintiff to develop the trade secrets in question." *Id.* at 2.

9 The Court agrees that these are compelling reasons to seal WMS' trade secrets. WMS is
10 asking the Court to seal a type of document that the Ninth Circuit has found sufficient to meet the
11 compelling reasons standard. *See Kamakana*, 447 F.3d at 1179. Keeping these exhibits sealed will
12 prevent the company's competitors from using the judicial records as a "vehicle for improper
13 purposes" to compete against the company. *Id.* It is not seeking to bar the public from viewing its
14 trade secrets to avoid "embarrassment, incrimination, or exposure to further litigation." Fed. R.
15 Civ. P. 26.

16 The compelling reasons articulated by WMS outweigh the public interest in maintaining
17 access to WMS's trade secrets. *See Kamakana*, 447 F.3d at 1179. Allowing the public to view
18 WMS's trade secrets will do little to advance the public's understanding of the facts of this case
19 and the judicial process. *See id.* WMS has overcome the strong presumption in favor of public
20 access. *See id.* at 1178.

21 **III. Conclusion**

22 **IT IS ORDERED** that Plaintiff's Second Motion for Leave to File Under Seal
23 Proprietary and Confidential Documents in Support of Motion for Preliminary Injunction (ECF
24 No. 22) is GRANTED.

25 DATED: June 22, 2020

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28 BRENDA WEKSLER
UNITED STATES MAGISTRATE JUDGE